

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

NELSON BROTHERS WEST SENECA
INVESTOR UNITS, LLC,

Debtor.

Chapter 11

Case No. 22-10980-CLB

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY,
DISCLAIMERS, AND SUPPORTING DOCUMENTATION FOR MONTHLY
OPERATING REPORT FOR PERIOD FEBRUARY 1 – 28, 2023**

**I. Global Notes and Statement of Limitations, Methodology, and Disclaimers
Regarding Monthly Operating Report**

Nelson Brothers West Seneca Investor Units, LLC (the “Debtor”), the debtor and debtor in possession in the above-captioned chapter 11 case (the “Chapter 11 Case”) has prepared and filed the attached Monthly Operating Report (the “MOR”) for the period February 1, 2023, through February 28, 2023, in the United States Bankruptcy Court for the Western District of New York (the “Court”). The Debtor has prepared the MOR with the assistance of their advisors and professionals solely for the purpose of complying with the reporting requirements applicable in the Chapter 11 Case. The financial and supplemental information contained herein is unaudited, limited in scope, and is not prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) nor in accordance with federal or state securities laws or other applicable non-bankruptcy law or in lieu of complying with any periodic reporting requirements thereunder, nor is it intended to fully reconcile to the consolidated financial statements prepared by the Debtor and any of its affiliates.

In preparing the MOR, the Debtor relied on financial data available from the books and records available to it at the time of such preparation, but the MOR does not reflect in all circumstances presentation for U.S. GAAP or SEC reporting purposes. Although the Debtor made commercially reasonable efforts to ensure the accuracy and completeness of the MOR, inadvertent errors or omissions may exist. The Debtor and its agents, advisors, attorneys, and other professionals, as applicable, do not guarantee or warrant the accuracy or completeness of the data or other information that is provided in the MOR. For the avoidance of doubt, the Debtor hereby reserves all rights to amend and supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtor’s rights or an admission with respect to its Chapter 11 Case.

Each signatory to the MOR has necessarily relied upon the efforts, statements, advice, and representations of personnel of the Debtor and its advisors and professionals. Each signatory has not necessarily personally verified the accuracy of each such statement, representation, and answer contained in the MOR.

The Debtor's primary asset is an undivided approximately 17.266% tenant-in-common interest (a "TIC Interest") in certain real property and improvements located at a street address commonly known as 3030 Clinton Street, West Seneca, New York 14223 (the "Property"). Although the Debtor is the single largest TIC Interest holder, there are approximately 28 other holders of TIC Interests in the Property that are not debtors in this proceeding. In preparing the MOR, except as otherwise noted, the Debtor has allocated assets and liabilities based on the Debtor's proportionate share of the TIC Interests. The Debtor's allocation of such assets and liabilities (or failure to do so) is for convenience only and should not be deemed to be an admission by the Debtor in any respect. The Debtor reserves all rights, claims, and defenses with respect to the allocation of any such assets and liabilities.

II. Select Supporting Documentation

A. Statement of Cash Receipts and Disbursements

As the Debtor has had no cash receipts or disbursements during the reporting period covered by this MOR, no separate Statement of Cash Receipts and Disbursements is provided.

B. Balance Sheet

The Debtor functions as a holding company for the TIC Interest, which is its principal tangible asset, aside from associated accounts receivables, rents, and claims and causes of action. The Debtor's material assets and liabilities existing during the reporting period covered by this MOR are reported in Part 2 of the MOR. The Debtor has not attached a separate Balance Sheet, as such presentation would not provide additional meaningful detail about the Debtor's assets and liabilities beyond that which is reported in MOR Part 2.

C. Statement of Operations

As a holding company, the Debtor does not engage in material business activities beyond those relating to its ownership of the TIC Interest. The results of the Debtor's operations during the period covered by this MOR are reported in Part 4 of the MOR. The Debtor has not attached a separate Statement of Operations, as such presentation would not provide additional meaningful detail about the Debtor's operations during the reporting period.

D. Accounts Receivable Aging

Annex 1 hereto contains an Accounts Receivable Aging schedule corresponding to the information the Debtor has reported in Part 2 of this MOR.

E. Postpetition Liabilities / Taxes and Aging Thereof

With the exception of interest, fees or other obligations that may be continuing to accrue under that certain Amended and Restated Term Note, dated November 22, 2010, by and among SEFCU, as lender, and the Debtor and the other borrowers thereunder, and ad valorem taxes on the Property, the Debtor is not aware of any postpetition liabilities that are reportable for the

reporting period covered by this MOR. Accordingly, no separate Schedules of Postpetition Liabilities or Taxes (or the aging thereof) are supplied with this MOR.

F. Statement of Capital Assets

Annex 2 hereto contains a Statement of Capital Assets for the Land, Building, and Furniture, Fixtures and Equipment comprising the Property in which the Debtor holds its TIC Interest. The value of the assets is reporting using the Debtor's cost of capital asset basis, which is the book value of such capital assets as of October 19, 2022, the date this bankruptcy case was commenced. The Debtor does not presently have access to the information it would need to separately report increases or decreases (including depreciation) in the assets or asset values or book value at the end of the reporting period.

G. Schedule of Payments to Professionals

The Debtor has made no payments to professionals during the reporting period covered by the MOR.

H. Schedule of Payments to Insiders

The Debtor has made no payments to insiders during the reporting period covered by the MOR.

I. Bank Statements and Bank Reconciliations

During the reporting period covered by the MOR the Debtor had one bank account in its name as follows: Account No. XXXXXXXX5871 at J.P. Morgan Chase Bank, N.A. The account had a zero balance at all times during the period covered by this MOR.